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**REMARKS**

Reconsideration of the application in view of the present response is respectfully requested.

Claims 1-22 are pending.

Claims 1-22 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Horowitz et al. (referred to herein as "Horowitz") in view of Fox et al. (referred to herein as "Fox"). The rejection is respectfully traversed.

Applicant would like to respectfully point out that Horowitz discloses a complete and operative system in which value is transferred to a magnetic stripe on a transaction card. There would be no motivation to look to teachings of Fox, as the Examiner proposes. It appears that the Examiner is proposing the above combination of references in the Office Action only because of the teachings of the Applicant's present disclosure. It is respectfully pointed out that an obviousness conclusion must be fully supported by teachings and/or suggestions in the prior art.

To establish a case of obviousness by combining separate teachings in prior art references, there must be a suggestion or motivation in the prior art references for one skilled in the art to make such a combination, W. L. Gore & Associates, Inc. v. Garlock, Inc., 220 USPQ 303, 311 (Fed. Cir. 1983). Also, in the case of In re Spinnoble, 160 USPQ 237, 243, the former Court of Customs and Patent Appeals cautioned against the use of hindsight in view of the applicant's disclosure. The Court said "...we must view the prior art without reading into that art appellant's teachings", and further, "The issue, then, is whether the teachings of the prior art would, in and of themselves and without the benefit of appellant's disclosure, make the invention as a whole obvious". The answer is clearly negative in the present application.

Applicant respectfully requests that the Examiner specifically point out where in the prior art a teaching or suggestion is made to combine the references as proposed in the Office Action. Absent such a showing, it is respectfully requested that the rejection of claims 1-22

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of the present application under 35 U.S.C. Section 103(a) is improper and, therefore, should be withdrawn.

Also, Applicant would like to respectfully point out that comparison between structure and properties taught in prior art and those of claimed invention must include consideration of problem solved by inventor, In re Newell, 13 USPQ 2d 1248, 1250 (CAFC 1989). The problem solved by the invention is always relevant, In re Wright, 6 USPQ 2d 1959, 1962 (CAFC 1988). None of the prior art even recognizes the problems solved by the features of the present application, let alone a solution to the problems.

This amendment may be entered upon a showing of good reasons why it is necessary and was not presented earlier as per 37 C.F.R. Section 1.116. This amendment is necessary to overcome the rejections stated in the final Office Action. The amendment was not earlier presented because the Applicant did not know of the Examiner's position with respect to interpretation of certain amended claim language as a result of the Amendment mailed February 17, 2005 until receiving the final Office Action.

In view of the foregoing remarks, it is submitted that the application is in condition for allowance, and allowance of the application is respectfully requested.

Respectfully submitted,



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